

administration of the sinking-funds of these different railways. If the several administrators confine themselves to what are usually regarded as strictly trustee securities, they will simply, as the various sinking-funds increase in amount, be bidding against each other in the purchase of such securities; the prices of those securities will be thus enhanced by the competition, and the rate of accumulation for the sinking-funds become reduced. Hence, the administrators should wisely and soundly enlarge their range of investment.

9. Commercial and industrial undertakings. In this section I include banks and insurance companies, mining, shipping and manufacturing companies, trusts of various kinds, and, indeed, companies of every description. There are many others whose securities claim attention, but it would be impossible to render a schedule complete. I shall make a few general comments as hints for the investor's mode of consideration generally, and, in a few specific cases, furnish advice.

The tests of a company's solid attractiveness for the investor consist of—

- (1) The examination of its published accounts and balance sheets for an adequate number of years, as exhibiting its successful and sagacious working.
- (2) The general reputation which it enjoys among persons competent to appraise its management and progress.
- (3) The absence of any irregularity in the precise fulfilment of its obligations, and a continuous record of honourable action.
- (4) A full and frank statement of its affairs, so far as this condition can be judged.
- (5) The -stable value which its shares maintain in the market.
- (6) The rates of dividend which it has successively paid.
- (7) The character and position of its controlling board, whether merely or largely men of social standing without special qualifications adapted to the nature of the business,

or whether rather they be men of
acknowledged business
capacity, reputed in the
commercial and financial world,
possessed of general or special
business training, which the
successful prosecution of the particular
undertaking demands,
and competent accordingly to exercise a
genuine and efficient
control.